

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0642-01
Bill No.: HB 75
Subject: Political Subdivisions; Sewers and Sewer Districts
Type: Original
Date: February 8, 2013

Bill Summary: This proposal prohibits increases in premiums or fees charged for sewer or wastewater treatment in St. Charles County without a vote of the people.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§ 67.312 - Sewage Treatment Fees:

Officials at the **Public Water Supply District #2 of St. Charles County** stated that this proposal would preempt the District's authority to fix rates and charges for wastewater services based upon sound financial principles. This could cause the District to violate its existing bond covenants causing a downgrading of its bond rating and increasing interest costs to the District, estimated at hundreds of thousands of dollars per year. In addition, substantial banking, bond and legal fees would be incurred to help prevent defaults on existing bonds, causing an increase in the monthly water and sewer bills for District customers.

In addition, the District stated that if the proposal passed, it could prevent or limit the District's ability to collect enough revenue to operate effectively and efficiently. Ultimately, if unable to determine its own sewer rate structure to fund sewer system operations and maintenance, pay off existing bond debt and meet legal requirements, the proposal could cause a negative impact in Lake St. Louis and surrounding areas.

Oversight assumes that the impact to Public Water Supply District #2 of St. Charles County will be \$0 or (unknown). If there is no change or if the sewage or wastewater treatment fee is less than 200% of the sewage or wastewater treatment fee imposed by the other entity, then there will not be a fiscal impact. If there is a change greater than 200%, and it is approved by the voters, there will not be a fiscal impact. If there is a change greater than 200%, and it isn't approved by the voters, the District cannot pass the fee collection on to customers, which will result in an unknown negative impact.

Officials from the **Office of Secretary of State**, and **Department of Natural Resources** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
---	---------------------	---------	---------

LOCAL POLITICAL SUBDIVISIONS

<u>Costs</u> - Public Water Supply District #2 of St. Charles County § 67.312 - Fee Collection	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
--	---------------------	---------------------	---------------------

ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
---	------------------------------------	------------------------------------	------------------------------------

FISCAL IMPACT - Small Business

Small businesses could be affected by differences in sewage and wastewater service fees from what would be allowed under current law.

FISCAL DESCRIPTION

This proposal prohibits any city, town, village, sewer district, or water supply district in St. Charles County that does not actually process or treat sewage or wastewater but pays a premium or fee to another entity for the service from increasing the premium or fee it charges and collects from its customers by more than 200% of the premium or fee it pays to the other entity without a majority vote of the qualified voters of the city, town, village, sewer district, or water supply district.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Office of Secretary of State
Public Water Supply District #2 of St. Charles County

A handwritten signature in black ink, appearing to read "Ross Strope".

Ross Strope
Acting Director
February 8, 2013